

HB5867



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5867

by Rep. Emily McAsey

SYNOPSIS AS INTRODUCED:

New Act

Creates the Health Care Credit Card Act. Regulates contracts between a creditor and a provider of health care services that permits the provider to accept health care credit cards issued by the creditor as financing for health care services purchased by consumers from the provider. Provides that covered health care services include medical, chiropractic, podiatric, hospital, dental, ophthalmological, optometric, optical, audiological, cosmetic, and veterinary services. Provides protections for consumers, including provisions for resolving consumer complaints concerning disputes about a health care credit card account.

LRB098 15808 DRJ 50845 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 1. Short title. This Act may be cited as the Health
5 Care Credit Card Act.

6 Section 5. Definitions. In this Act:

7 "Consumer" means an individual who purchases or is
8 considering purchasing health care services from an enrolled
9 provider.

10 "Creditor" means a person who extends credit to a consumer
11 for the purpose of financing the consumer's purchase of health
12 care services from an enrolled provider.

13 "Enrolled provider" means a provider of health care
14 services that has a contract with a creditor permitting the
15 provider to accept health care credit cards issued by the
16 creditor as financing for health care services purchased by
17 consumers from the provider.

18 "Health care credit card" means a card or other device
19 issued and marketed by a creditor allowing the cardholder or
20 other authorized user to obtain health care services from an
21 enrolled provider on credit on terms specified by the creditor.

22 "Health care services" means any of the following:

23 (1) Medical, chiropractic, podiatric, hospital,

1 dental, ophthalmological, optometric, optical,
2 audiological, or cosmetic services.

3 (2) Other services related to preventing, alleviating,
4 curing, or healing human illness, injury, or physical
5 disability.

6 (3) Veterinary services.

7 Section 10. Contract between creditor and enrolled
8 provider.

9 (a) A contract between a creditor and an enrolled provider
10 that permits the provider to accept health care credit cards
11 issued by the creditor as financing for health care services
12 purchased by consumers from the provider shall include, but
13 need not be limited to, the following provisions to ensure that
14 applicants for a health care credit card are aware of key
15 attributes of the creditor's health care credit card program:

16 (1) The provider shall ensure that personnel in the
17 provider's office who discuss the creditor's health care
18 credit card program with applicants take and pass training
19 provided by the creditor and receive certification by the
20 creditor based on that training.

21 (2) The provider shall retain the signature page from
22 each consumer's application for a health care credit card
23 for 6 years after the date of the application. The
24 provider's failure to retain the signature page, and, upon
25 request, to produce the signature page to the creditor, may

1 expose the provider to an automatic charge-back if a
2 consumer files a complaint under this Act.

3 (3) The provider or the provider's staff shall inform
4 every applicant for a health care credit card of the
5 following:

6 (A) A health care credit card issued by the
7 creditor is a credit card and is not an in-house credit
8 program of the provider. A health care credit card is
9 not an interest-free credit card.

10 (B) If the creditor's health care credit card
11 program includes a deferred-interest promotion under
12 which no interest is owed by the consumer if the
13 original balance is paid in full within a specified
14 promotional period, (i) the annual percentage rate of
15 interest applicable to the outstanding balance and
16 (ii) finance charges can be avoided only if the
17 promotional balance is paid off before the end of the
18 promotional period.

19 (C) A cardholder's account shall be charged only
20 for costs incurred or services actually rendered
21 within 30 days after the charge. If no services are
22 rendered within those 30 days, the consumer is entitled
23 to an automatic refund from the provider for services
24 not yet rendered. Additional services may be billed as
25 the provider provides those services to the consumer.
26 These provisions do not apply, however, to charges for

1 orthodontic services or for custom products ordered by
2 the consumer.

3 (D) For all new applications submitted to a
4 provider at the provider's office for dental or
5 audiology services with initial charges over \$1,000,
6 the provider must require the consumer to apply
7 directly with the creditor using a toll-free telephone
8 number established by the creditor for that purpose.
9 This provision does not apply, however, to (i) a
10 transaction that occurs more than 3 days after the
11 consumer completes an in-office application or (ii) a
12 situation involving a consumer who has an existing
13 account with the provider. If the provider does not
14 comply with this provision, the consumer has a right to
15 reverse the charge from his or her account, even if
16 services are rendered. If the consumer exercises this
17 right, the creditor may charge back the transaction.

18 (E) The provider must respond to an inquiry from
19 the creditor regarding a consumer complaint within 21
20 days after the date of the inquiry.

21 (4) The provider shall maintain a fair refund policy,
22 which the creditor has the right to review.

23 (5) The requirements set forth in paragraphs (1)
24 through (4) are designed to provide transparency for
25 patient cardholders. The creditor reserves the right to
26 monitor the provider's adherence to these requirements and

1 other policies of the creditor. A provider who violates any
2 of these requirements or policies is subject to
3 charge-backs and to termination from the creditor's health
4 care credit card program.

5 (b) A contract between a creditor and an enrolled provider
6 that permits the provider to accept health care credit cards
7 issued by the creditor as financing for health care services
8 purchased by consumers from the provider shall prohibit charges
9 for services not yet rendered, unless those services (i)
10 include orthodontic services or are custom products ordered by
11 the consumer or (ii) are intended to be and are completed, or
12 out-of-pocket costs are incurred, within 30 days of the
13 applicable charge. For all services other than those described
14 in item (i), if the services are not completed within 30 days,
15 the consumer is entitled to a refund or account credit for all
16 such services not yet completed.

17 Section 15. Cooling-off period.

18 (a) In the case of a consumer who submits a new health care
19 credit card application to an enrolled provider at the
20 provider's office, the provider must give the consumer a 3-day
21 cooling-off period, such that no transaction shall be charged
22 on a health care credit card within 3 days of an initial
23 application.

24 (b) Notwithstanding the provisions of subsection (a), an
25 enrolled provider may charge a consumer no more than \$1,000

1 within 3 days of the consumer's initial application for a
2 health care credit card for services completed in a single
3 visit at the consumer's request. For any charge for services
4 ordered in excess of \$1,000 within 3 days of a consumer's
5 initial application, the creditor shall provide the consumer
6 with an unqualified right to reverse the transaction from the
7 consumer's health care credit card account, even if the
8 services are in fact rendered.

9 (c) This Section does not apply in the case of
10 vision-related services or veterinary services.

11 Section 20. Dental or audiology charges over \$1,000.

12 (a) In the case of a consumer who wishes to submit a new
13 health care credit card application for dental or audiology
14 charges that exceed \$1,000, an enrolled provider shall require
15 the consumer to apply directly with the creditor and shall
16 provide the consumer with the toll-free telephone number
17 established by the creditor for that purpose. This requirement
18 does not apply to the following:

19 (1) A transaction that occurs more than 3 days after an
20 application is completed and submitted to the provider.

21 (2) An application submitted to the provider for
22 services other than dental or audiology services.

23 (3) An application submitted online directly with the
24 creditor.

25 (b) A creditor shall provide to every enrolled provider in

1 its health care card credit program a toll-free telephone
2 number for use by consumers in applying for a health care
3 credit card directly with the creditor.

4 (c) During the telephone application process, a creditor
5 shall inform the consumer of the terms and conditions of
6 financing the purchase of health care services using the
7 creditor's health care credit card program.

8 (d) If an enrolled provider fails to follow the procedure
9 required under subsection (a) for a newly enrolled consumer,
10 the creditor shall provide that consumer with an unqualified
11 right to reverse the covered dental or audiology transaction
12 from the consumer's health care credit card account, even if
13 the services are in fact rendered.

14 Section 25. Disclosures to consumers. Before a consumer
15 submits an application for a health care credit card, whether
16 the application is submitted to an enrolled provider or to the
17 creditor, the creditor (and the provider, if the application is
18 submitted to the provider) shall ensure that the following
19 information is disclosed to the consumer:

20 (1) If the creditor's health care credit card program
21 includes a deferred-interest promotion under which no
22 interest is owed by the consumer if the original balance is
23 paid in full within a specified promotional period, (i) the
24 annual percentage rate of interest applicable to the
25 outstanding balance and (ii) that finance charges can be

1 avoided only if the promotional balance is paid off before
2 the end of the promotional period.

3 (2) The right to a cooling-off period as provided in
4 Section 15.

5 (3) The ban on charges for services not yet rendered,
6 unless those services (i) include orthodontic services or
7 are custom products ordered by the consumer or (ii) are
8 intended to be and are completed, or out-of-pocket costs
9 are incurred, within 30 days of the applicable charge.

10 (4) For all services other than those described in item
11 (i) of paragraph (3), if the services are not completed
12 within 30 days, the consumer's right to a refund or account
13 credit for all such services not yet completed.

14 The creditor shall also use its best efforts to ensure that
15 the information described in paragraphs (1) through (4) is
16 prominently displayed on the creditor's web site along with the
17 application form.

18 Section 30. Call to consumers. Other than for consumers who
19 incur charges described in Section 15, a creditor shall use its
20 best efforts to call a consumer within 48 hours, and in no
21 event later than 72 hours, after the consumer submits a new
22 health care credit card application to an enrolled provider
23 resulting in a same-day charge on a new account. This telephone
24 call shall provide the consumer with all of the following:

25 (1) The amount of the initial transaction, and the way

1 in which the consumer can find additional details about his
2 or her account.

3 (2) Notice that, for the services charged, those
4 services must be performed within 30 days.

5 (3) For consumers who applied for an interest-free
6 promotional option, that interest at the applicable rate
7 then in effect will be incurred from the date of purchase
8 and charged to the consumer if the original balance is not
9 paid in full by the end of the promotional period.

10 Section 35. Billing statement warning of promotional
11 period expiration.

12 (a) This Section applies in the case of a consumer who
13 applied for an interest-free promotional option if offered by
14 the creditor.

15 (b) In each of the 2 billing statements that are sent
16 before the end of the promotional period, there shall be a
17 clear and prominent warning of the promotional period's
18 expiration.

19 (c) In the case of a consumer who opts out of paper billing
20 statements, the creditor shall use its best efforts to send an
21 email in each of the 2 billing cycles before the end of the
22 promotional period, clearly advising in the text of the email
23 that the promotional period is expiring. In addition, in those
24 same 2 billing cycles, the billing statements available to
25 consumers who opt out of paper billing statements shall contain

1 a clear and prominent warning of the promotional period's
2 expiration.

3 Section 40. Enrolled provider training.

4 (a) A creditor shall provide training for the enrolled
5 providers in its health care credit card program. The provider
6 or the provider's staff who are responsible for discussing the
7 creditor's health care credit card program with consumers must
8 complete the training. The training shall include, but need not
9 be limited to, a web-based training program that explains the
10 terms and conditions of the health care credit card issued by
11 the creditor and applicable provisions of this Act, including
12 the matters set forth in items (1) through (5) of subsection
13 (a) of Section 10. The web-based training program shall prevent
14 a person taking the training from skipping pages and shall
15 include post-training testing, which the person must pass in
16 order for the provider to qualify to participate in the
17 creditor's health care credit card program.

18 (b) A creditor shall obtain a written certification or
19 digital acknowledgement that a person took the training
20 required under this Section. The creditor shall retain the
21 certification or acknowledgement for 4 years.

22 (c) A creditor shall require retraining of appropriate
23 employees of an enrolled provider every 2 years. The creditor
24 shall obtain a written certification or digital
25 acknowledgement of the retraining and shall retain the

1 certification or acknowledgement for 4 years.

2 (d) If an enrolled provider fails to have at least one
3 employee complete the required training within 120 days after
4 the effective date of this Act, the creditor shall suspend the
5 enrolled provider's ability to process health care credit card
6 applications until the training is completed.

7 Section 45. Rebates to enrolled providers prohibited.

8 (a) A creditor may not give a rebate, a kickback,
9 compensation, or in-kind services to an enrolled provider in
10 exchange for the provider's generation of new-loan volume.

11 (b) This Section does not prohibit a creditor from basing
12 prospective pricing in an enrolled provider's contract on
13 historical loan-generation volume.

14 Section 50. Paid endorsements prohibited. A creditor may
15 not use any paid endorsement to any professional association in
16 any marketing or related materials directed toward consumers.

17 Section 55. Discipline of enrolled providers.

18 (a) Except for enrolled providers described in subsection
19 (b), a creditor shall terminate from participation in the
20 creditor's health care credit card program any enrolled
21 provider that has a charge-back rate of more than 5% of its
22 financing transactions within a one-year period.

23 (b) In the case of an enrolled provider with fewer than 20

1 health care credit card program transactions every 6 months and
2 more than one charge-back in the same period, a creditor shall
3 monitor the provider and take appropriate action, up to and
4 including termination of the provider's participation in the
5 creditor's health care credit card program, when warranted.

6 Section 60. Consumer complaints.

7 (a) As used in this Section, "consumer complaint" or
8 "complaint" means a dispute initiated by a health care credit
9 cardholder about his or her account.

10 (b) A creditor shall accept complaints from consumers by
11 telephone or in writing, at the consumer's option.

12 (c) A creditor may require a complaint to be filed within
13 60 months after the date of the consumer's transaction but may
14 not otherwise impose any time limit for filing a complaint.

15 (d) An enrolled provider shall respond to a creditor's
16 inquiry concerning a consumer complaint within 21 days after
17 the date of the inquiry. If a provider does not respond within
18 that time, the creditor shall issue a refund or account credit
19 in favor of the consumer.

20 (e) A creditor shall use its best efforts to resolve a
21 consumer complaint within 30 days after receiving the
22 complaint. A creditor shall use its best efforts to issue a
23 refund, credit, or charge-back, when appropriate, within 45
24 days after receiving a complaint.

25 (f) While a balance is being carried on a complaining

1 consumer's account, a creditor may not impose any fee or
2 interest on the disputed balance and may not send an account to
3 collection as a result of a consumer's failure to pay a
4 disputed balance while a complaint is pending.

5 (g) If a consumer claims that an enrolled provider omitted
6 or misrepresented the health care credit card's terms and
7 conditions in connection with the opening of an account through
8 an application submitted to the provider in the provider's
9 office, the creditor shall require the provider to forward to
10 the creditor the consumer's signature page from the application
11 and a signed sales receipt. If the provider does not forward
12 these materials to the creditor, the creditor shall close the
13 consumer's account, rescind the transaction, and charge back
14 any amount incurred on the account. If the provider forwards a
15 signature page but no sales receipt, the creditor shall refund
16 any disputed amount charged on the account.

17 (h) A creditor shall implement and maintain standardized
18 procedures for tracking all consumer complaints. A creditor may
19 use consumer complaints, whether written or oral, to assess and
20 monitor enrolled providers' adherence to their health care
21 credit card program contracts.